

## Spenddown Process

“Spenddown” (which is similar to an insurance deductible) is a term which applies to the Medically Needy and SOBRA programs.

- ✓ Eligibility is determined using six-month base periods.
- ✓ Countable income is compared to a standard set by the state. Both the incomes of the applicant **and** any legally responsible persons is counted.
- ✓ If income is below the standard, the consumer is eligible for coverage without a spenddown.
- ✓ If income is above the standard, the consumer has a “spenddown”.
- ✓ The consumer “meets the spenddown” by providing proof of incurred allowable medical expenses which equal or exceed the spenddown amount. They submit these to their worker or directly to the fiscal agent via their provider. Once the spenddown is met, the consumer is eligible for coverage under their medical card.

A single disabled person applies for medical assistance on April 12. The only countable income is \$795 per month in gross Social Security benefits.

The spenddown period would run from April through September. The total spenddown for the period is \$1800 and is computed as follows:

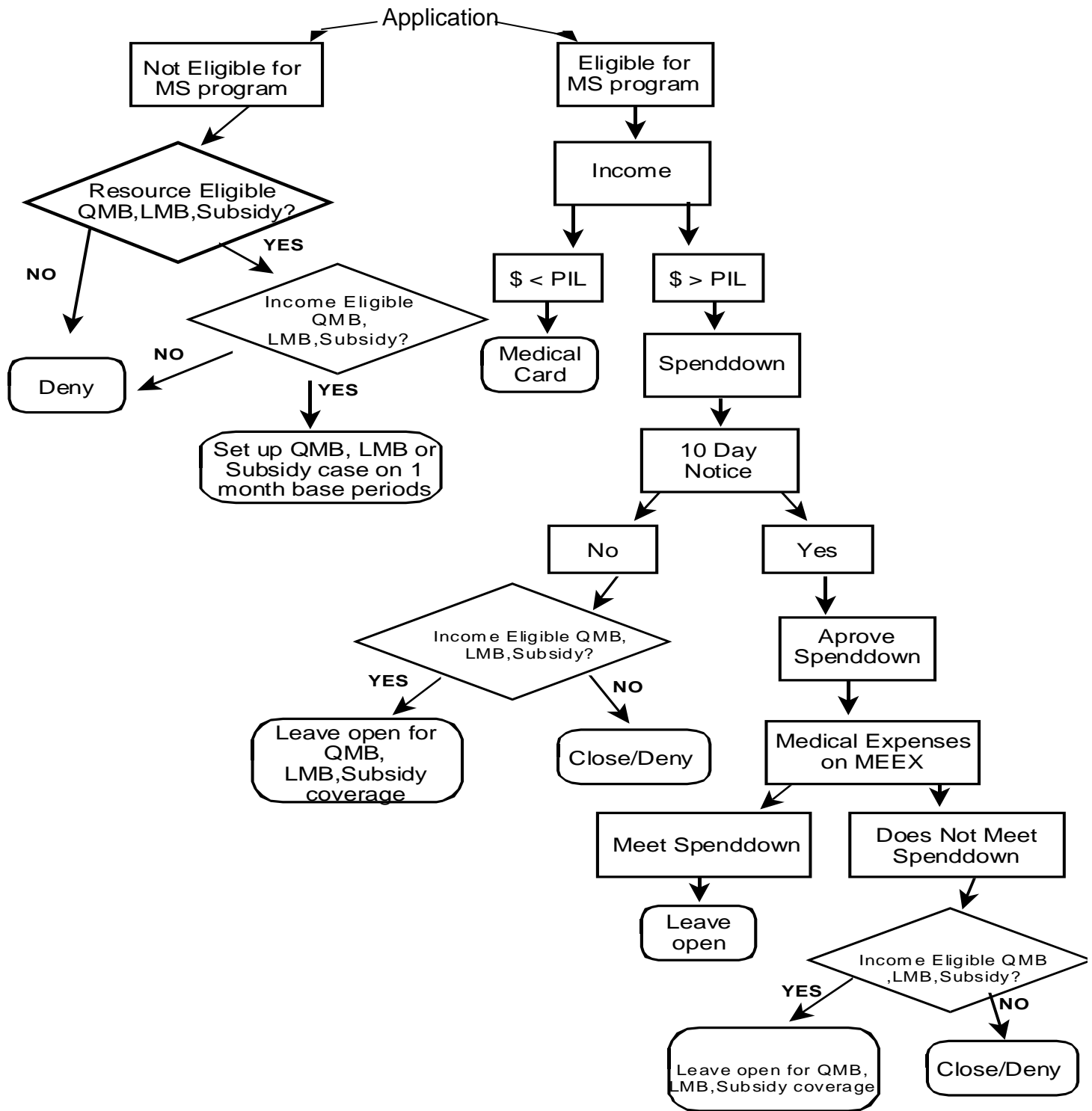
A \$20 disregard is applied to the income.  $\$795 - \$20 = \$775$  countable. The 775 is compared to the income standard for 1 person, which is \$475.  $\$775 - \$475 = \$300$  per month spenddown.  $\$300 \text{ per month} \times 6 \text{ months} = \$1800$ .

On June 11, the consumer had \$100 prescription expenses and \$2,000 hospital expenses.

The consumer is now eligible for Medicaid coverage beginning in April and running through the end of September. The consumer is responsible for payment of the first \$1800 on these bills. The remaining \$300 of the bills may be covered by Medicaid. In addition, any other covered medical expenses incurred during this April-September period should be paid by Medicaid (except for applicable co-payment amounts). Beginning in October, a new six-month spenddown will be computed.

### **What if this was a Medicare beneficiary?**

A Medicare beneficiary is entitled to Medicare Part D prescription drug coverage. If a Medicare beneficiary meets their spenddown, Medicaid will NOT cover their medications.



## MS SPENDDOWN PROCESS FLOWCHART

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